

**COMMONWEALTH OF MASSACHUSETTS
BEFORE THE
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY**

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Investigation by the Department of)	
Telecommunications and Energy on its own)	D.T.E. 01-106
motion into increasing the penetration rate for)	
discounted electric, gas and telephone service.)	
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**INITIAL COMMENTS OF
WESTERN MASSACHUSETTS ELECTRIC COMPANY**

I. Background

Western Massachusetts Electric Company (“WMECO” or the “Company”) has been offering a Residential Discount Rate program since 1988. The original program began as the result of a rate case proceeding, D.P.U. 87-260, and changes to the program were made in subsequent rate case proceedings. The essence of this program is to provide income-eligible customers with a discount on their rates. The discount is paid by all other rate classes. Currently, residential customers of record who are verified recipients of one of the following programs qualify for the Residential Discount Rate program:

- Fuel Assistance
- Public/Subsidized Housing
- MassHealth
- Head Start
- School Lunch/Breakfast (Free)
- Veterans Chapter 115 Benefits
- Veterans Non-Service Pension Programs or DIC for Parents of Veterans
- Transitional Aid to Families with Dependent Children (TAFDC)
- Emergency Assistance to Elderly, Disabled, and Children (EAEDC)
- Supplemental Security Income (SSI)

Food Stamps

WMECO fully supports enrolling all eligible customers and, as set forth below and in the Division of Energy Resources' Winter 2001/2002 Report, has worked diligently to achieve that result.

On December 17, 2001, the Department of Telecommunications and Energy (“Department”) issued an Order opening a Notice of Inquiry to investigate increasing the penetration rate for discounted electric, gas and telephone service. WMECO respectfully submits the following comments to the seven questions set out by the Department in its December 17th Order.

II. WMECO’s Comments

A. WMECO’s Outreach Efforts to Identify Eligible Discount Customers

WMECO has undertaken a number of initiatives to identify eligible Residential Discount Rate customers. WMECO has assigned a full-time, staff person to coordinate outreach efforts. Details of WMECO’s outreach initiatives are described below.

1. Consumer News Inserts / Point Of Sales Displays / Newsletters

The Residential Discount Rate application provides customers with the information they need to expedite processing of their applications. The form lists the means-tested programs that qualify them for the rate, the documentation that WMECO will accept as proof that the customer is a recipient of each means-tested program, and a chart of the income guidelines. The application is in both English and Spanish and revised when changes in guidelines are issued.

Four times each year, WMECO includes information on the Residential Discount Rate in its Consumer News insert. When this information appears in the insert, WMECO displays an on-bill message in an effort to draw the customers' attention to this information.

Point of Sale Displays ("POS") for our Residential Discount Rate applications have been redesigned. The new POS displays replaced those distributed last year to 100 agencies serving western Massachusetts. Additional displays will be distributed throughout WMECO's service territory starting in January 2002. The displays will be distributed in face-to-face meetings with groups or individuals to introduce and provide an update of WMECO's residential discount rate.

Information about the Residential Discount Rate is included in Neighbors, our publication for senior citizens, and Help Line, our publication for low-income customers. These publications are produced three times a year (winter, spring/summer, and fall). We send Neighbors to all customers who are coded "65", senior citizen, or who have asked to be included on the distribution list for this newsletter. Help Line is sent to all customers who are coded "financial hardship." Both newsletters are included in the packets of information put together for our social agency meetings.

2. WMECO's web site

Information about the Residential Discount Rate is available on WMECO's web site (www.wmeco.com), and is available for agencies or customers with computer access to obtain information about eligibility criteria. A copy of the application can be downloaded and printed in both English and Spanish.

3. Outreach Through Social Service Agencies

Yearly meetings are held with social service agencies throughout western Massachusetts. This year's meetings were held on October 24 for agencies serving Springfield District, on October 30 for agencies serving the Hadley/Greenfield District, and on November 1 for agencies serving towns throughout the Berkshires. Financial Hardship Coding, the Residential Discount Rate, the Energy Savings Program, the Good Neighbor Energy Fund, the winter moratorium, deregulation and various other energy-related programs and services for income-eligible customers are major topics of discussion. The meetings provide an appropriate forum for WMECO to request the support of the agencies, representatives, legislators and town officials who attend, in spreading information about our Residential Discount Rate and various other programs and services to their clients.

WMECO is invited to speak before various customer and community groups throughout the year. Where appropriate, information about the Residential Discount Rate and related programs and services is included.

Our WMECO call center representatives continue to inform elderly customers of programs available based on their income level and that they may be eligible for the Residential Discount Rate. The PHARMACY Program was discontinued as of April 2001. Customers served by this program were informed of other programs which may qualify them for the Residential Discount Rate so they would continue to be eligible for the rate.

The Mass 211 Gateway book, a desk reference copy for social workers and agency personnel, is frequently requested and is available on WMECO's web site. The Mass 211 book replaced Programs that Help People in Western Massachusetts.

Meetings were held with the Springfield Housing Authority to reach to those residents. The housing authority has approximately 2,200 residents in various locations throughout the city. Point of Sale displays are located in the rental offices along with brochures in community rooms. Educational materials include brochures on Heat Stress, Hypothermia, Home Safety, Home Security, 45 Ways to Use Energy Wisely, and Residential Discount Rate applications.

An Energy Bingo game is offered to senior citizen groups. Game winners receive energy-efficient prizes and each bingo square matches up with a conservation tip. The most popular senior outreach is Senator Brian Lees' "Golden Gathering" held each August at Western New England College in Springfield. Two sessions of Energy Bingo are held. The Golden Gathering draws approximately 1,500 seniors. In between games, the Residential Discount Rate, deregulation and other relevant topics are discussed.

4. Renewals Through Government Agencies / Schools

Meetings with representatives of the Veterans Administration and of Public/Subsidized Housing were held to explore opportunities to streamline the Residential Discount Rate verification process for recipients of these programs. WMECO distributed information packets on the Residential Discount Rate at a statewide Veterans Agent recertification conference on September 19, 2001, in Milford, Massachusetts.

WMECO is working with the Hampden County Sheriff's Department at the Community Safety Center in Springfield to assist clients in the After Incarceration Program. A WMECO representative speaks with various groups (a women's group, a Hispanic men's group, etc.) approximately every three months to reach clients who are completing the program. The discussion includes the Residential Discount Rate, energy saving measures, WMECO's Energy

Savings Program, Good Neighbor Energy Fund and various topics about our available programs and services.

Substantial strides have been made in reaching customers of record whose children are recipients of the National School Breakfast/Lunch program by working directly with the school principals, superintendents, and directors of the school lunch program within the 59 cities and towns served by WMECO. At the beginning of the school year, letters were sent to 100 principals asking their support in sending information to parents about our program. To simplify the process, form letters are given to each principal. The customer completes and returns the form to the schools giving them permission to verify eligibility for the Residential Discount Rate if they are approved for the National School Breakfast/Lunch program and meet our income eligibility levels.

The mailing is done in mid-July, just before the school does its recertification of the School Breakfast/Lunch program to minimize the schools processing effort. To ensure all principals in the municipalities WMECO serves are included, the Company's database is being updated using the State's directory.

B. WMECO's Current Procedures Used for Subscriber Eligibility Verification and Enrollment

WMECO has established relationships with a number of different agencies. WMECO continues to work with Don Johnson of the Department of Transitional Assistance ("DTA") to outreach to, inform, enroll, and recertify eligible customers in the Residential Discount Rate program. WMECO continues to streamline methods of verification for customers applying for the Residential Discount Rate. For MassHealth benefits administered by the Division of

Medical Assistance and the DTA, benefits are now verified by exchanging information via email, which expedites the verification process.

In western Massachusetts, WMECO works closely with each of the four fuel assistance agencies, New England Farm Workers, Franklin Community Action, Berkshire Community Action, and Valley Opportunity Council. Those WMECO customers who are recipients of fuel assistance benefits up to 175% of the poverty level are enrolled in the Residential Discount Rate program. Customers whose income exceeds 175% of the poverty level are informed of our Energy Savings Program for income-eligible customers.

WMECO is working with the fuel assistance agencies to explore the possibility of utilizing email or some other computer process to expedite the enrollment and verification process.

1. The Verification Process

The eligible forms of assistance are administered by different federal, state, or local agencies. Certified participation in any one of the eligible programs automatically qualifies a customer of record for receipt of the Residential Discount Rate.

Only written verification from authorized employees of administering agencies and organizations is accepted as documentation that the customer of record receives an eligible benefit. In certain circumstances, verbal verification will be accepted from the appropriate agency.

2. The Application Process

In general, customers contacting the Company to apply for the Residential Discount Rate are required to complete a customer application, and provide the required proof of benefit listed on the Residential Discount Rate application. The sole exception to this requirement

involves the Fuel Assistance component of the discount. WMECO works directly with fuel assistance agencies to obtain printed lists of fuel assistance recipients. Customers who contact the Company to apply under the fuel assistance components have their names checked against the information provided by the appropriate fuel assistance agency. In general, however, fuel assistance recipients who are customers of record are coded as eligible for the discount upon receipt of this information without having to complete the application.

In addition to customers who request applications, new recipients of eligible benefits administered by the DTA receive notification of the availability of WMECO's Residential Discount Rate by mail. Notifications are mailed bimonthly in odd numbered months (e.g., January, March, May, etc.) to clients in the WMECO service territory. Included with the notification is a preprinted form which serves as verification of the customer's status as a recipient of the benefits administered by the DTA. A number code indicates which benefit is received by the client. Clients who respond and are not customers of record are notified by letter that they are ineligible. The same letter also explains how the client can become a customer of record and receive the Residential Discount Rate benefit.

Customers who receive Veterans Chapter 115 benefits submit a signed letter from the town's Veterans Agent on town letterhead stating that the client receives Chapter 115 benefits. For the Veterans Non-Service Pension Program or DIC for Parents of Veterans, customers complete the RDR application and call 1-800-827-1000 for a signed letter on VA letterhead stating that the client receives the benefit.

All applications returned by the program applicants are processed by the WMECO Customer Service Center. Applications must be complete, legible, and signed by the customer

of record. If a returned application is incomplete or illegible, a customer correction letter is mailed to the customer along with the application and a self-addressed, return envelope. Completed applications received by the Company are reviewed and relevant information is then forwarded to the appropriate agency/organization for verification.

In the case of the DTA administered programs, the names and social security numbers of customers who claim to receive benefits are emailed monthly to the DTA. Once the Company receives approval from the DTA, approved customers are set up to receive the Residential Discount Rate.

If the Company receives information from the appropriate agency that the customer does not receive the assistance claimed on the application, the Company attempts to verify the information the next month. If the second attempt is not successful, then the customer will be mailed a denial letter.

Fuel Assistance recipients who are certified by the appropriate agency may not be WMECO customers of record. If a Customer Service Center review indicates that the fuel assistance recipient is not a customer, the appropriate denial letter is mailed.

3. Recertification

In order to ensure current eligibility for all customers participating in the Residential Discount Rate, timely recertifications are done. The actual timing of the recertifications varies according to the type of benefit received. Most programs are recertified on a yearly basis. Customers who are not recertified are offered the opportunity to reapply if they believe that they qualify for the Residential Discount Rate based on their participation in any one of the other eligible programs.

C. Current Subscriber Eligibility Standards Do Not Permit Utilities to Enroll Each Other's Customers in Discount Programs

It is WMECO's understanding that the subscriber eligibility requirements for the Residential Discount Rate programs for electric, gas and telephone service are different. As stated above, the Legislature has limited the discount rate for electric company customers to those with gross household income 175 percent of the federal poverty level. G.L. c. 164, c. 164, § 1F(4)(i) . However, WMECO believes that some or all gas companies are currently offering discounted rates to those customers with gross household income of up to 200 percent of the federal poverty level. It is not clear to WMECO if all of the gas companies providing the 200 percent discount level do so pursuant to tariff or the 200 percent level is a temporary level that may be adjusted relatively frequently. In addition, WMECO understands that the telephone company also offers a discounted rate on terms that differ from those mandated by the Legislature for electric companies. Accordingly, because the other utilities in WMECO's service territory use, and, in the future, are likely to use, different criteria for discounted rates, it is not possible for WMECO simply to 'adopt' the discounted customers enrolled with a gas company or telephone company as its own discounted customers.

In addition, WMECO believes that there are a number of households with gross income between 175 percent to 200 percent of the federal poverty level. Therefore, if it is possible at all, it would be an extremely difficult and time consuming task to take a list of customers that are eligible for a discount rate at 200 percent of the federal poverty level and turn that list into one with only customers with incomes of no more than 175 percent of the federal poverty level.

Further, it is not clear whether the time and expense of such an effort would yield any significant number of additional discount-eligible customers. But, if any such dramatic expansion of the discount rate program is being considered by the Department, WMECO strongly recommends that a parallel cost recovery mechanism be put in place to allow WMECO and other utilities the significant additional personnel and computer-related costs that such a proposal will entail.

D. Strategies for Addressing Varying Income Requirements of Public Benefit Programs

Different public benefit programs have different eligibility requirements. WMECO makes its best effort to enroll all customers up to the 175 percent poverty level. WMECO has not investigated the manner in which eligibility requirements for public benefit programs are established. Public policy determines the eligibility requirements when the programs are established. WMECO continues to enroll customers that participate in programs with eligibility that is up to 175 percent of the poverty level. WMECO has no comment on how varying income requirements of these programs should be addressed at this time.

E. Utilities Could Implement a Computer Matching Program to Verify Subscriber Eligibility and Enroll Eligible Customers in Discount Programs

Utilities could implement a computer matching program to verify subscriber eligibility and enroll eligible customers in discount programs. In fact, as stated above, WMECO has implemented an email process with the Division of Medical Assistance and the DTA to exchange information to expedite the verification process. WMECO is also working with the fuel assistance agencies to explore the possibility of establishing a similar information exchange.

However, any abrupt expansion of these efforts may yield little results and, at the same time, will likely be enormously costly. Based on WMECO's experience, the proper way to

proceed toward a computer matching program would be to institute a working group to pursue such a program. In that way, all the involved parties, including the pertinent state agencies, would have an opportunity to air and then resolve the obstacles to such a program. The Department should be under no illusions that such a program can be successfully implemented in the near future. Given the fiscal constraints that state agencies are operating under and the number of issues to be addressed, success will take time. In sum, WMECO recommends that if the Department and other parties wish to pursue a computer program, that a working group be established to work out any issues that need to be addressed, including confidentiality and accuracy of information.

F. Legal Impediments Exist to the Enrollment of Eligible Customers in All Available Discount Programs

Legal impediments do exist to the enrollment of eligible customers in all available discount programs. Apart from the provisions of G.L. c. 164, § 1F(4)(i), that establish a ceiling for eligibility for electric company customers, there are significant privacy concerns that must be dealt with. WMECO and other parties are at risk should confidential customer information be disclosed or handled improperly. Please also see the response in Section G, below.

G. Privacy Concerns Related to Electronic Sharing of Financial or Other Confidential Information

There are very real privacy concerns related to the sharing of financial and other confidential information in determining the eligibility of customers for discount programs. In D.T.E. 01-54, Competitive Market Initiatives, there was consensus among the parties that financial information, such as payment history, should not be included as part of the Customer Lists provided to Competitive Suppliers. The Department also found in its October 15, 2001

Order that residential customers who are on a discounted rate should not be designated as anything other than a residential customer. Competitive Market Initiatives, D.T.E. 01-54 (2001).

As stated above, WMECO shares information with agencies via email in order to determine eligibility for its Residential Rate Discount program. This information is only used for that purpose. Should the sharing of information be expanded to more agencies and other utility companies, safeguards will have to be built in at each step of the way to ensure that no customer's privacy is compromised. This will not only require an exponentially greater effort by utilities, but it will also require a significant effort by the state agencies that administer the applicable programs.

III. Conclusion

WMECO supports the outreach efforts mandated by the Legislature and administered by the Department to enroll eligible customers on discounted electricity rates. WMECO's comments above demonstrate the time and effort that has gone into these outreach efforts. WMECO cautions, however, that any wholesale, rapid expansion of these efforts, by requiring the matching of different lists held by different utilities or the computer matching with governmental agencies will result in an exponential increase in utility expense for an unknown benefit. Should the Department entertain such an increase in effort, it should, as a matter of good public policy, implement a separate cost recovery mechanism. In the absence of such a mechanism, changes to the Residential Discount Rate program should only be considered in their traditional venue -- a company's general rate case. In such a proceeding, the Department

can gauge the effect of different proposals on a utility's cost and revenues and provide the means for cost recovery.

WMECO appreciates the opportunity to submit these comments.